



TOWNSHIP OF GREENDALE
Midland County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2005

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Greendale	County Midland
Audit Date March 31, 2005	Opinion Date July 14, 2005	Date Accountant Report Submitted to State: September 16, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF GREENDALE
Midland County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 14, 2005

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Greendale, Midland County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Greendale's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Greendale, Midland County, Michigan as of March 31, 2005, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GREENDALE
Midland County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

The Management's Discussion and Analysis report of the Township of Greendale covers the Township's financial performance during the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Overall total capital assets remained approximately the same.

Overall revenues were \$296,881.72 from governmental activities with a \$3,297.22 increase in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

TOWNSHIP OF GREENDALE
Midland County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund and the Special Revenue Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's cash position remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The Township's General Fund pays for most of the Township's governmental services with total expenditures of \$292,699.07.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township at 480 S. Magruder Road, Shepherd, Michigan 48883.

TOWNSHIP OF GREENDALE
Midland County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2005

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	294 178 31
Taxes receivable	<u>23 706 37</u>
Total Current Assets	<u>317 884 68</u>
NON-CURRENT ASSETS:	
Capital Assets	63 923 83
Less: Accumulated Depreciation	<u>(37 364 48)</u>
Total Non-current Assets	<u>26 559 35</u>
TOTAL ASSETS	<u><u>344 444 03</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>7 918 33</u>
Total Current Liabilities	<u>7 918 33</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>7 918 33</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	26 559 35
Unrestricted	<u>309 966 35</u>
Total Net Assets	<u>336 525 70</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>344 444 03</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2005

		Program Revenue		Governmental Activities
				Net (Expense)
				Revenue and
				Changes in
				Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants - Contributions</u>	
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	4 224 91	-	-	(4 224 91)
General government	78 642 80	9 492 40	-	(69 150 40)
Public safety	84 626 10	9 346 25	24 647 17	(50 632 68)
Public works	122 033 69	84 730 00	-	(37 303 69)
Culture and recreation	4 057 00	-	-	(4 057 00)
Total Governmental Activities	<u>293 584 50</u>	<u>103 568 65</u>	<u>24 647 17</u>	<u>(165 368 68)</u>
General Revenues:				
Property taxes				33 560 62
Other taxes				2 976 46
State revenue sharing				127 213 87
Interest				3 299 21
Miscellaneous				1 615 74
Total General Revenues				<u>168 665 90</u>
Change in net assets				3 297 22
Net assets, beginning of year				<u>333 228 48</u>
Net Assets, End of Year				<u>336 525 70</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2005

<u>Assets</u>	<u>General</u>	<u>Solid Waste</u>	<u>Total</u>
Cash in bank	251 295 75	42 830 50	294 126 25
Taxes receivable	4 841 03	18 865 34	23 706 37
Due from other funds	52 06	-	52 06
Total Assets	<u>256 188 84</u>	<u>61 695 84</u>	<u>317 884 68</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	218 38	7 699 95	7 918 33
Total liabilities	<u>218 38</u>	<u>7 699 95</u>	<u>7 918 33</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	255 970 46	53 995 89	309 966 35
Total fund equity	<u>255 970 46</u>	<u>53 995 89</u>	<u>309 966 35</u>
Total Liabilities and Fund Equity	<u>256 188 84</u>	<u>61 695 84</u>	<u>317 884 68</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2005

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	309 966 35
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	63 923 83
Accumulated depreciation	<u>(37 364 48)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>336 525 70</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2005

	<u>General</u>	<u>Solid Waste</u>	<u>Total</u>
Revenues:			
Property taxes	33 560 62	-	33 560 62
Other taxes	2 976 46	-	2 976 46
Licenses and permits	11 705 90	-	11 705 90
State revenue sharing	127 213 87	-	127 213 87
State grants	24 647 17	-	24 647 17
Charges for services – PTAF	2 847 50	-	2 847 50
Charges for services – other	4 285 25	-	4 285 25
Interest	3 190 40	108 81	3 299 21
Special assessments	-	84 730 00	84 730 00
Miscellaneous	1 615 74	-	1 615 74
Total revenues	<u>212 042 91</u>	<u>84 838 81</u>	<u>296 881 72</u>
Expenditures:			
Legislative:			
Township Board	4 224 91	-	4 224 91
General government:			
Supervisor	21 044 27	-	21 044 27
Elections	1 399 45	-	1 399 45
Clerk	9 608 34	-	9 608 34
Board of Review	1 200 00	-	1 200 00
Treasurer	12 892 13	-	12 892 13
Building and grounds	3 167 92	-	3 167 92
Cemetery	10 041 55	-	10 041 55
Unallocated	18 403 71	-	18 403 71
Public safety:			
Fire protection	47 051 04	-	47 051 04
Juvenile justice	24 647 17	-	24 647 17
Planning and zoning	3 589 77	-	3 589 77
Inspection	9 338 12	-	9 338 12
Public works:			
Highways and streets	47 263 42	-	47 263 42
Street lighting	1 016 36	-	1 016 36
Sanitation	-	66 611 68	66 611 68
Drains	7 142 23	-	7 142 23
Culture and recreation:			
Library	4 057 00	-	4 057 00
Total expenditures	<u>226 087 39</u>	<u>66 611 68</u>	<u>292 699 07</u>
Excess (deficiency) of revenues over expenditures	(14 044 48)	18 227 13	4 182 65
Fund balances, April 1	<u>270 014 94</u>	<u>35 768 76</u>	<u>305 783 70</u>
Fund Balances, March 31	<u>255 970 46</u>	<u>53 995 89</u>	<u>309 966 35</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2005

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 4 182 65

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(885 43)
Capital Outlay	-

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>3 297 22</u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Greendale, Midland County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Greendale. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2004 tax roll millage rate was 1.1861 mills, and the taxable value was \$29,374,930.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	50-100 years
Equipment	8-10 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$26,559.35.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 2 – Budgets and Budgetary Accounting (continued)

3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>294 180 35</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 3 – Deposits and Investments (continued)

	<u>Bank Balances</u>
Insured (FDIC)	220 065 92
Uninsured and Uncollateralized	<u>80 713 70</u>
Total Deposits	<u><u>300 779 62</u></u>

The Township of Greendale did not have any investments as of March 31, 2005.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
<u>Governmental Activities:</u>				
Land	19 727 00	-	-	19 727 00
Buildings	39 481 96	-	-	39 481 96
Equipment	<u>4 714 87</u>	<u>-</u>	<u>-</u>	<u>4 714 87</u>
Total	63 923 83	-	-	63 923 83
Accumulated Depreciation	<u>(36 479 05)</u>	<u>(885 43)</u>	<u>-</u>	<u>(37 364 48)</u>
Net Capital Assets	<u><u>27 444 78</u></u>	<u><u>(885 43)</u></u>	<u>-</u>	<u><u>26 559 35</u></u>

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. The net pension expense for the fiscal year ended March 31, 2005, was \$5,183.00.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2005, the Township had building permit revenues of \$8,211.00 and building permit expenses of \$9,338.12.

TOWNSHIP OF GREENDALE
Midland County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>52.06</u>	Current Tax Collection	<u>52.06</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	37 705 38	37 705 38	33 560 62	(4 144 76)
Other taxes	-	-	2 976 46	2 976 46
Licenses and permits	11 500 00	8 250 00	11 705 90	3 455 90
State revenue sharing	127 976 46	128 226 46	127 213 87	(1 012 59)
State grants	-	24 647 17	24 647 17	-
Charges for services – PTAF	-	-	2 847 50	2 847 50
Charges for services – other	5 910 00	9 038 19	4 285 25	(4 752 94)
Interest	1 500 00	1 620 00	3 190 40	1 570 40
Miscellaneous	1 700 00	2 500 00	1 615 74	(884 26)
Total revenues	<u>186 291 84</u>	<u>211 987 20</u>	<u>212 042 91</u>	<u>55 71</u>
Expenditures:				
Legislative:				
Township Board	6 000 00	4 300 00	4 224 91	(75 09)
General government:				
Supervisor	17 300 00	21 056 00	21 044 27	(11 73)
Elections	1 065 00	1 415 00	1 399 45	(15 55)
Clerk	8 640 00	9 630 00	9 608 34	(21 66)
Board of Review	1 400 00	1 400 00	1 200 00	(200 00)
Treasurer	12 220 00	13 020 00	12 892 13	(127 87)
Building and grounds	8 320 00	3 170 00	3 167 92	(2 08)
Cemetery	7 884 00	10 100 00	10 041 55	(58 45)
Unallocated	16 930 00	18 550 00	18 403 71	(146 29)
Public safety:				
Fire protection	44 000 00	47 051 04	47 051 04	-
Juvenile justice	-	24 647 17	24 647 17	-
Planning and zoning	5 835 00	3 785 00	3 589 77	(195 23)
Inspection	9 686 00	9 686 00	9 338 12	(347 88)
Public works:				
Highways and streets	45 000 00	47 263 42	47 263 42	-
Street lighting	1 100 00	1 100 00	1 016 36	(83 64)
Drains	7 142 23	7 142 23	7 142 23	-
Culture and recreation:				
Library	4 057 00	4 057 00	4 057 00	-
Total expenditures	<u>196 579 23</u>	<u>227 372 86</u>	<u>226 087 39</u>	<u>(1 285 47)</u>
Excess (deficiency) of revenues over expenditures	(10 287 39)	(15 385 66)	(14 044 48)	1 341 18
Fund balance, April 1	<u>12 101 39</u>	<u>15 385 66</u>	<u>270 014 94</u>	<u>254 629 28</u>
Fund Balance, March 31	<u>1 814 00</u>	<u>-</u>	<u>255 970 46</u>	<u>255 970 46</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

BUDGETARY COMPARISON SCHEDULE -SOLID WASTE FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Interest	150 00	150 00	108 81	(41 19)
Special assessments	<u>82 614 65</u>	<u>67 550 00</u>	<u>84 730 00</u>	<u>17 180 00</u>
Total revenues	<u>82 764 65</u>	<u>67 700 00</u>	<u>84 838 81</u>	<u>17 138 81</u>
Expenditures:				
Public works:				
Sanitation	<u>73 265 60</u>	<u>67 700 00</u>	<u>66 611 68</u>	<u>(1 088 32)</u>
Total expenditures	<u>73 265 60</u>	<u>67 700 00</u>	<u>66 611 68</u>	<u>(1 088 32)</u>
Excess (deficiency) of revenues over expenditures	9 499 05	-	18 227 13	18 227 13
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>35 768 76</u>	<u>35 768 76</u>
Fund Balance, March 31	<u>9 499 05</u>	<u>-</u>	<u>53 995 89</u>	<u>53 995 89</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2005

Township Board:	
Wages	3 350 00
Mileage and expenses	874 91
	<u>4 224 91</u>
Supervisor:	
Salary and wages	16 456 00
Deputy	500 00
Supplies	1 587 84
Mileage and expense	2 500 43
	<u>21 044 27</u>
Elections:	
Wages	1 350 25
Miscellaneous	49 20
	<u>1 399 45</u>
Clerk:	
Salary and wages	6 720 00
Deputy	500 00
Supplies	1 808 34
Mileage and expenses	580 00
	<u>9 608 34</u>
Board of Review:	
Wages	1 200 00
	<u>1 200 00</u>
Treasurer:	
Salary and wages	6 720 00
Deputy	500 00
Supplies	3 697 50
Mileage and expenses	1 974 63
	<u>12 892 13</u>
Building and grounds:	
Wages	902 50
Supplies	986 68
Utilities	420 00
Maintenance	450 00
Telephone	408 74
	<u>3 167 92</u>
Cemetery:	
Wages	8 100 00
Supplies	469 52
Utilities	192 00
Repairs and maintenance	1 125 00
Mileage and expenses	155 03
	<u>10 041 55</u>
Unallocated:	
Payroll taxes	909 60
Legal	1 035 30
Audit	2 100 00
Dues	809 99
Insurance	5 753 00
Pension	4 349 37
Miscellaneous	946 45
West Midland Family Center	2 500 00
	<u>18 403 71</u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2005

Fire protection	<u>47 051 04</u>
Juvenile justice:	
Contracted services	<u>24 647 17</u>
Planning and zoning:	
Wages	3 285 00
Supplies	227 39
Miscellaneous	<u>77 38</u>
	<u>3 589 77</u>
Inspection:	
Wages	6 830 00
Payroll taxes	98 74
Pension	833 63
Supplies	604 10
Miscellaneous	<u>971 65</u>
	<u>9 338 12</u>
Highways and streets	<u>47 263 42</u>
Street lighting	<u>1 016 36</u>
Drains	<u>7 142 23</u>
Library	<u>4 057 00</u>
Total Expenditures	<u><u>226 087 39</u></u>

TOWNSHIP OF GREENDALE
Midland County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2005

	<u>Balance</u> <u>4/1/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/05</u>
<u>Assets</u>				
Cash in Bank	<u>55 54</u>	<u>878 375 75</u>	<u>878 377 19</u>	<u>54 10</u>
<u>Liabilities</u>				
Due to other funds	53 50	97 905 06	97 906 50	52 06
Due to others	<u>2 04</u>	<u>780 470 69</u>	<u>780 470 69</u>	<u>2 04</u>
Total Liabilities	<u>55 54</u>	<u>878 375 75</u>	<u>878 377 19</u>	<u>54 10</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 14, 2005

To the Township Board
Township of Greendale
Midland County, Michigan

We have audited the financial statements of the Township of Greendale for the year ended March 31, 2005. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Greendale in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Greendale
Midland County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2005. The implementation of this pronouncement for the Township of Greendale began with the year ended March 31, 2005. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2005.

To the Township Board
Township of Greendale
Midland County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants